



Volume 3, No. 2  
February 2002

ONLINE

# TODAY

Office of Public Affairs  
Washington, DC 20231  
703/305-8341

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The USPTO TODAY online is published monthly by the United States Patent and Trademark Office for its customers. The magazine is intended to inform and bring into focus the views and actions of the USPTO. Any product or service names that appear in the magazine are for informational purposes only and do not in any way constitute an endorsement by the USPTO.

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**James E. Rogan**

*Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office*

Winter is a very busy time for federal agencies because it puts us in the middle of the budget cycle. The United States Patent and Trademark Office (USPTO) is no exception to the rule. The law requires the president to submit to Congress his proposed federal budget for the next fiscal year by the first Monday in February. I am pleased to report that President Bush's proposal for fiscal year 2003 represents the largest-ever increase in funding for the USPTO. The president is proposing a 21.2 percent (\$239 million) increase over our agency's fiscal year 2002 budget.

The work we do at the USPTO is critical to the economy and new technology, and the president's proposed investment in the agency is like chicken soup for the soul of innovation. This increase will allow us to hire 950 new patent examiners; transform trademarks to a fully electronic operation by 2004; and implement the president's management agenda, including e-government, outsourcing, and workforce restructuring. This budget represents an important step forward for the agency and our customers.

The relationship between our intellectual property systems and innovation is clear. Without both, our country would not flourish. Twenty years ago physical assets such as factories and equipment were the primary source of a company's market value; today all that has changed. Now it is the intangible assets--the intellectual property portfolios protecting companies' innovations--that increasingly are becoming a major component of their portfolios. The protection of those assets and related jobs will be a primary goal during my tenure as under secretary and director.

On February 6, I testified at a public hearing on, "Competition and Intellectual Property Law and Policy in the Knowledge-Based Economy," jointly held by the Federal Trade Commission (FTC)

and the antitrust division of the Department of Justice. Through these hearings, which will continue periodically until May, the FTC and the Justice Department hope to create a better understanding of intellectual property rights and their relationship to antitrust concerns.

Over the last two decades, our three agencies have worked within the framework of the patent system to facilitate innovation and productivity in the American economy. During this time, the value of patents has increased, their validity has become more predictable, and the areas in which patents could be obtained have expanded. Each of these developments enhances the usefulness of patents as a motivator for innovation. This is reflected in today's unprecedented explosion of patent applications.

There are some who regard the increase in patent filings with suspicion. But I remain confident that the growth in patent applications is a boon for America's economy as well as contributing to our genius for innovation. We will be following these hearings closely and reporting to you on them in future issues of *USPTO TODAY*.

On February 11, we celebrated Thomas Edison's 155th birthday with the opening of a new exhibit, "Patent Models: Icons of Innovation," in the Patent and Trademark Museum. The exhibit includes a model of Edison's incandescent light bulb that usually is on display in the Office of the Under Secretary and Director of the USPTO. I wanted it in our museum not only because of its historical significance, but also to remind visitors of what we at the USPTO have the opportunity to do—help the ingenuity that brings the greatest technological changes to the world. The change doesn't come from us. All we can do is facilitate the ingenuity that brings it to market. If we maintain that role of facilitator, then I think we can look forward not only to the future of the agency but also to the future of our world economy with great confidence.

# President's Budget Increases Funding for USPTO

## Will Improve Quality and Reduce Pendency

*by Ruth Ann Nyblod, Office of Public Affairs*

On February 4, 2002, President Bush sent his fiscal year 2003 federal budget proposal to Congress. In it the president has requested a 21.2 percent budget increase for the United States Patent and Trademark Office (USPTO) in fiscal year 2003.

If appropriated, the agency will receive nearly \$1.4 billion, or \$239 million over USPTO's fiscal year 2002 budget. "The president's proposed budget represents the largest ever increase in funding for USPTO," said Under Secretary Rogan. "It provides the agency with the equivalent of 100 percent of its traditional fees, plus an additional \$45 million," he added.

The president's increase provides sufficient funds for the agency to:

- hire 950 new patent examiners;
- transform trademarks into a fully electronic operation by fiscal year 2004; and
- implement the president's management agenda, including e-government, outsourcing, and workforce restructuring.

"That's an incredible investment and an acknowledgment that the work we do here is critical to the economy and technology," Rogan said.

A one-time surcharge of \$207 million, collected in patent and trademark fees, will cover the demands of fulfilling the agency's business plan and the president's agenda.

The USPTO and the other science and technology-related agencies of the Commerce Department will play a bigger role than ever before in homeland and economic security. Following the September 11 terrorist attacks, President Bush is marshalling the nation's technology resources to help the United States win the war on terrorism, strengthen homeland protections, revitalize the economy and create new jobs.

# Federal Trade Commission and Department of Justice Hold Joint Hearings on Intellectual Property

*by Frankie Cox, Office of Public Affairs*

The Federal Trade Commission (FTC), in conjunction with the Antitrust Division of the Department of Justice, recently began a series of hearings that focus on the relationship between competition and patent law and policy. Specifically, the impact of patent law on competition will be viewed from the perspective of a variety of high-tech industries, as well as economists.

Under Secretary Rogan spoke at the opening day of the hearings on February 6, 2002. He explained that patents are crucial for our knowledge-based economy because they encourage risk-taking in generating innovative new ideas.



*Photo: U.S. Department of Commerce*

Also speaking at the opening session were: Timothy Muris, chairman of the Federal Trade Commission; Charles James, assistant attorney general for antitrust, Department of Justice; Judge Pauline Newman, U.S. Court of Appeals for the Federal Circuit; Professor Robert Pitofsky, Georgetown University Law Center, and former chairman of the Federal Trade Commission; Q. Todd Dickinson, Howrey, Simon, Arnold & White, and former under secretary of commerce for intellectual property and director of the U.S. Patent and Trademark Office; Gerald J. Mossinghoff, Oblon, Spivak, McClelland, Maier & Neustadt, and former assistant secretary of commerce and commissioner of patents and trademarks; Richard Gilbert, professor of economics, University of California, Berkeley, and former deputy assistant attorney general for antitrust, Department of Justice; and Richard Levin, president, Yale University.

Although intellectual property and antitrust law need not necessarily conflict with each other, practitioners of each discipline have raised concerns about the other arena. Advocates of vigorous antitrust enforcement have been particularly concerned with some recent court decisions holding that patent protection appears to trump antitrust enforcement.

Assistant Attorney General Charles James said that the hearings did not necessarily mean that the Antitrust Division was going to re-evaluate its 1995 guidelines regarding antitrust and intellectual property.

The guidelines are widely considered to be far more deferential to patent rights than the Justice Department's approach was in the 1970s, commonly referred to as the "nine no-nos" because of their restrictive character, and which presumed that patent ownership signified monopoly power.

Former FTC Chairman Robert Pitofsky referred to the 1970s as a period in which, "we must conclude that enforcement agencies, backed by courts, had come to a conclusion where antitrust usually trumped intellectual property." But Pitofsky went on to say, "the pendulum has swung a long way since then." A specific reference was made to the Federal Circuit Court of Appeals 2000 decision in *CSU v. Xerox*, which gave Xerox great leeway in choosing the terms of licensing its technology--even at the expense of the anti-trust laws.

Speaking from the patent holders point of view, Under Secretary Rogan said, "the supposed tension between intellectual property law and antitrust law arises, I suspect, from a misunderstanding of patents as a form of monopoly. Although a patent allows an inventor to exclude others from using or selling the invention without permission, it is not a monopoly in the antitrust sense." Rogan also pointed out that patent protection, unlike antitrust law, is enshrined in the U.S. Constitution.

The FTC/DOJ joint hearings are scheduled to continue through May.

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# Patent Models: Icons of Innovation

*by Ruth Ann Nyblod, Office of Public Affairs*

The patent model halls in the 19th century Patent Office were once “the” place to go while visiting Washington, D.C. Thousands of patent models lined the halls of stone and glass cases where anyone could browse through what a journalist once called, “Uncle Sam’s old curiosity shop,” to see the newest innovations. At its peak, over 100,000 visitors a year flocked through the model rooms.

A new exhibit just opened in the 21st century United States Patent and Trademark Office (USPTO) museum called, “Patent Models: Icons of Innovation.” Visitors today can browse once again through the agency to see the miniature machines that represent America’s first great wave of innovation that carried the young country from an agrarian economy to an industrial power.

You would recognize many of the inventors names whose patent models are on display.... Edison, Steinway, Otis, Goodyear, and Goodrich. Other’s names may be lost to all but a few historians, but their inventions are significant.

You may remember Elisha Gray as the guy who lost the battle for the telephone patent to Alexander Graham Bell. But Gray prevailed in other ways. His innovations in electricity brought about the Western Electric Company, the great-grandparent of today’s Lucent Technologies. Gray’s telegraph model is on display.

Between 1790 and 1880, an inventor was required to submit a model, together with drawings and detailed description of the invention, when applying for a patent. By the end of the 19th



*Two of Thomas Edison’s models are on display from the USPTO’s collection: the incandescent light bulb and the model above, a magneto electric machine.*

century, hundreds of thousands of patent applications and models had come into the Patent Office. Even though thousands of models had been lost to fires, and perhaps some to theft, thousands more were overflowing Patent Office space.

In 1893, most of the models were packed into crates and stored in an old livery stable. Storage costs were mounting, and in 1925, Congress appropriated \$10,000 to dispose of some 155,000 old patent models. Some were transferred to the Smithsonian Institution and other museums, some were returned to the original inventors or their relatives, and still others were sold at public auction.

Today, the circuitous journey of many patent models has ended in the hands of New York businessman Alan Rothschild. The model collector and inventor purchased about 4,000 models from the Cliff Petersen Collection. Rothschild later added 86 models from an Arkansas legislator to form the Rothschild-Petersen Patent Model Museum, the largest private collection in the country. Rothschild and his wife, Ann, have dedicated a portion of their home in upstate New York to the restoration and preservation of the patent models.



*Alan Rothschild (left) points out some interesting patent models from his collection to Ruth Nyblod, USPTO, and Mitch Scott, National Inventors Hall of Fame.*

It is through the gracious generosity of the Rothschilds, by loaning some of their prize models to the USPTO, that “Patent Models: Icons of Innovation” is possible. The group of models now showcased in the Patent and Trademark Museum have not been on public display in over a century. The exhibit will run through May 11, 2002.



# Trademarks:

## A Different Perspective

*by Joyce Ward, Office of Public Affairs*

On Tuesday, January 22, 2002, Barbara Bunning-Stevens, chief trademark counsel at Monsanto Corporation, and Maury Tepper, a partner at Womble, Carylye, Sandridge & Rice, presented a fresh look at trademarks from the view of the outside bar. The presentation entitled, "The Value of Trademarks," was presented at an all-employees meeting of the trademark organization. Anne Chasser, the commissioner for trademarks, introduced the speakers and served as a moderator for the panel. Under Secretary Rogan gave brief remarks at the presentation. Judge Rogan called the United States Patent and Trademark Office (USPTO) one of the most respected and least political organizations in the U.S. government and reiterated the importance of the trademark organization to the global community.

Mr. Tepper stressed the fact that the manner in which the trademark organization conducts business day to day impacts the way the larger society functions. As he pointed out, "whether it's a large corporation or a small start-up business, trademarks are important." Mr. Tepper talked about the critical nature of trademarks to large companies, such as pharmaceutical companies, where name recognition is a safety issue as well as a marketing tool. He also talked about the large amount of time devoted to developing effective and safe names for products.

As Mr. Tepper pointed out, trademarks also can be crucial to start-up companies who may literally be banking on their brand identity. Big companies do not always pay attention to letters from smaller companies that do not have the backing of a federal trademark registration behind them to help protect their brand identity. The presumption of nationwide use which comes with a federal registration is highly valuable to a small company. Mr. Tepper gave Krispy Kreme Donuts of Winston-Salem, North Carolina, as an example. The company started as a small family operation in the mid 1930s. It has now grown to a nationwide franchise, readily recognized as a source for fresh yeast-raised cake doughnuts and pies. Just think what could have happened to Krispy Kreme if Vernon Rudolph, the founder of Krispy Kreme Doughnuts, had not had the foresight to protect his name with a federal trademark registration.

Ms. Bunting-Stevens talked about educating marketing departments and clients on “Trademark Dos & Don’ts.” That is, she stressed the importance of protecting a trademark and using it correctly in order to ensure protection. For example, she stressed the importance of not using a trademark as a noun or in place of the generic name of a product. Ms. Bunting-Stevens indicated that there is sometimes tension between a marketing department that may lean towards a descriptive and transparent name for a product versus what constitutes a strong trademark that can be protected because it is unique or arbitrary. She spoke on the importance of creating a balance between making a product known and making the product known as the name of the goods.

Questions were taken from the audience and included a broad range of topics. One question posed by Lynne Beresford of the Assistant Commissioner’s Office asked how the advent of the information age and the increased use of technology have impacted trademark practitioners and their clients. Both Barbara and Maury praised the benefits of e-government. According to both speakers, the e-initiatives of the trademark office speed up the process of identifying a trademark and allows for quicker and more comprehensive searches. Both agreed that the Trademark Electronic Business Center and the Trademark Electronic Application System (TEAS), literally put trademark information at the practitioner’s fingertips. Filing an application can be completed in minutes. According to Mr. Tepper, his clients are impressed with the efficiency of TEAS and are impressed when their attorneys are able to deliver trademark information as well as filings electronically. Ms. Bunting-Stevens pointed out that 95 percent of all of Monsanto trademarks are filed electronically using TEAS.

In summing up the value of trademarks, specifically, the role of the USPTO, Mr. Tepper, an avid jazz fan, likened the trademark organization to the Count Basie orchestra, saxophone section. He pointed out that the Count Basie saxophone section is the best, not because any individual player is an expert, but because it is composed of fine musicians who work together as a cohesive unit and strive to make the section play a beautiful tune. Similarly, the trademark organization is composed of different parts--docket clerks, legal instruments examiners, information specialists and attorneys--each having a specific function. They are different but all important to the trademark registration process and all work together to create a quality product highly valued by the society at large.

# Mail Delivery Returning to Normal... But Some Damaged

*by Nicholas Godici, Commissioner for Patents*

The disruption of mail at the United States Patent and Trademark Office (USPTO) is one issue that remains with us months after the detection of anthrax at a Washington, D.C. postal facility.

Following the disruption in the mail delivery to government zip codes in the Washington, D.C. area this past fall, there was a marked reduction in the amount of mail delivered to the USPTO in October and November. Mail addressed to our D.C. zip code, 20231, was being diverted and irradiated. We are now finding that some of the irradiated mail is damaged. The pages are yellowed and brittle, or stuck together to preclude separating without damaging or destroying the papers. Fortunately, these damaged pages make up only a small percentage of the mail that we currently are receiving.

During the months of December and January, receipts of express mail began to increase and to return to somewhat normal levels along with a slow but steady increase in regular mail. We have encouraged our customers to use all forms of electronic correspondence as an alternative to traditional mail, and our technology centers are reporting a significant increase in the levels of correspondence coming in via facsimile.

Some practitioners also have been concerned that outgoing mail from the office may have been delayed in some instances. Currently, the USPTO is requesting that applicants follow the procedure set forth in MPEP 710.06 to establish a delay in receipt of mail and to request that the period for reply be reset if appropriate.

We will continue to monitor this situation and will do everything possible to minimize the impact of this mail disruption on our customers. Please continue to consult the USPTO Web site (<http://www.uspto.gov>) for updates and guidance on the current mail situation.

# Helpful Hints

for patent and trademark applicants

## **Tips for Conducting a Patent or Trademark Search at a Patent and Trademark Depository Library**

*compiled by Michael White, Staff Librarian, Patent and Trademark Depository Library Program*

### **1. Know Where to Find Help**

There are 87 Patent and Trademark Depository Libraries (PTDLs) located in all 50 states and Puerto Rico. Chances are you live within a few miles of one. PTDLs are staffed by librarians and have extensive collections of patent and trademark information. You can locate the PTDL closest to you by calling the USPTO information line at 800-PTO-9199 or by visiting the USPTO Web site at [www.uspto.gov](http://www.uspto.gov). We strongly suggest you call ahead for library hours. Some PTDLs will arrange appointments for your first visit.

### **2. Have Realistic Expectations**

Conducting a patent or trademark search is a complicated process. Don't expect to be able to do your search on the way to a dentist appointment or while your car is double-parked. If you've never done a patent or trademark search before, be prepared to spend several hours learning how to use the appropriate reference tools and databases. When you've become familiar with the process, be prepared to spend several additional hours planning and conducting your search. Since new information is constantly being added to the patent and trademark databases, you might need to update your search more than once. Finally, remember that a patent or trademark search is just the beginning of a lengthy process that may or may not lead to a patent or a trademark.

### **3. Ask the Right Expert**

PTDL librarians are experts in researching patent and trademark information. They can teach you how to utilize classification systems and other techniques to improve your search. They can answer questions about reference tools and databases. They also can help you find information on the patent and trademark application process, starting a business, licensing your invention and marketing your product. However, PTDL librarians will not do your search for you, including choosing terms or developing strategy, or help you prepare your patent or trademark application. The USPTO

recommends that you consult an attorney for help in these matters. The USPTO maintains a special directory for attorneys and agents licensed to practice before the USPTO, and it is available at all PTDLS.

#### **4. Plan Your Search Carefully**

Follow the recommended steps when planning your search strategy. Skipping steps or jumping between steps will confuse you and lead to unreliable search results. Taking the time at the beginning to carefully plan your search strategy will save you time and improve your search results.

#### **5. Take Notes**

Your time is valuable. Make the most of it by documenting every step of the search process. Begin by noting the date and time you conduct your search. Write or print out all the search terms, especially patent classifications, and search strategies you use. Print out the list of patents or trademarks your search retrieves. Make copies of pertinent documents. Making a complete record of your initial search will save you time later when you update your search, present your findings to an attorney, or begin preparing your application.

#### **6. Be Persistent**

If your initial search finds no related patents or trademarks, you've probably done an incomplete search. Rethink your strategy by considering additional patent classifications or trademark search terms. Expect to revise your search strategy several times during the course of your research.

#### **7. Patent Searching Tip**

Learn how to use the patent classification system. A keyword search on the word *mousetrap* will miss patents with titles like *mouse trap*, *method of trapping mice*, *rodent trap* and *device for capturing small mammals* and retrieve irrelevant patents about *mousetrap logic circuits*. The patent classification system organizes inventions by use, function, effect and structure and will pick up references missed in a keyword search. In addition, do not rely solely on patent titles and abstracts when deciding what patents to review in detail. Titles and abstracts may be vague or miss the one feature applicable to your search.

Depending on the technology involved, a preliminary patent search must include patents dated back to 1790 and always include published patent applications beginning in 2001. For example, electric car patents were first issued in the late 19<sup>th</sup> century.

## 8. Trademark Searching Tip

Often the goal of a trademark search is to find marks that are confusingly similar, not identical, to your own. In this case your search should include marks that have similar spellings, pronunciations, or designs. International trademark classes and identification terms may be used to narrow your search to goods and services related to, used or sold with your product. For example, ketchup (Class 30) may be related to catsup, mustard, relish, salsa and other condiments and sauces (Class 30), fresh tomatoes (Class 31), processed or cooked tomatoes (Class 29), tomato juice (Class 32), tomato broth, paste and puree (Class 29) or tomato processing services (Class 40).

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# Faces of the USPTO

***JON W. DUDAS*** was appointed deputy under secretary of commerce for intellectual property and deputy director of the United States Patent and Trademark Office on January 11, 2002. Prior to this appointment, Mr. Dudas served as the counsel for legal policy and senior floor assistant to Speaker of the House J. Dennis Hastert. In that capacity, Mr.



Dudas was responsible for managing legislation on the floor of the House of Representatives. He also served as the primary advisor to the Speaker on issues ranging from intellectual property policy to counterterrorism.

From 1997 to 2000, Mr. Dudas was the deputy general counsel and staff director for the House Judiciary Committee, where he was responsible for advancing legislation relating to intellectual property, technology law, antitrust, legal reform, judicial administration, commercial law, immigration, criminal law and constitutional law. His duties also included managing congressional

oversight of the United States Patent and Trademark Office, the Copyright Office and the Department of Justice.

Before being named deputy general counsel to the House Committee on the Judiciary, Mr. Dudas served as a counsel to the Subcommittee on Courts and Intellectual Property and as legislative counsel to Congressman Henry Hyde. Prior to his employment with the House of Representatives, he practiced law in Chicago at Neal, Gerber & Eisenberg, where he represented clients in a variety of areas including intellectual property, antitrust, professional malpractice, product liability, and white collar crime. He is a member of the Illinois State Bar and the Bar of the United States District Court for the Northern District of Illinois.

Mr. Dudas holds a Bachelor of Science degree in Finance, *summa cum laude*, from the University of Illinois and a law degree from the University of Chicago, with honors. He lives in Northern Virginia with his wife and their three children.

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## This month in History

February 11, 1847 - Thomas Alva Edison was born in Milan, Ohio. Edison remains America's most prolific inventor with 1,093 patents.

February 19, 1878 - Edison received patent #200,521 for a "phonograph or speaking machine."

February 24, 1925 - The Victor Talking Machine Company (later RCA) registered the graphic and words "His Master's Voice." registration #0195475



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